

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>NORTHERN STATES POWER COMPANY,</b>	)	
a Wisconsin corporation and wholly-owned subsidiary	)	
of Xcel Energy Inc., for authority to implement a	)	Case No. U-18405
power supply cost recovery plan and establish power	)	
supply cost recovery factors for the 12-month period	)	
ending December 31, 2018.	)	
_____	)	

At the February 5, 2018 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman  
Hon. Norman J. Saari, Commissioner  
Hon. Rachael A. Eubanks, Commissioner

**ORDER APPROVING SETTLEMENT AGREEMENT**

On September 19, 2017, Northern States Power Company-Wisconsin (NSP-W), filed an application, with supporting testimony and an exhibit, seeking authority to implement a power supply cost recovery plan and factors for the 12-month period ending December 31, 2018.

A prehearing conference was held on November 16, 2017, before Administrative Law Judge Lauren G. VanSteel. NSP-W and the Commission Staff participated in the proceeding. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

The Commission has reviewed the settlement agreement and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission

further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Northern States Power Company, a Wisconsin corporation and wholly-owned subsidiary of Xcel Energy Inc., is authorized to implement a power supply cost recovery factor of negative \$0.00655 per kilowatt-hour in its monthly billings to its Michigan retail electric customers during the 12-month period ending December 31, 2018, effective with the first billing month immediately following approval of this order.

C. Within 30 days of the date of this order, Northern States Power Company, a Wisconsin corporation and wholly-owned subsidiary of Xcel Energy Inc., shall file with the Commission a tariff sheet substantially conforming to Attachment 1 to the settlement agreement.

D. If Northern States Power Company, a Wisconsin corporation and wholly-owned subsidiary of Xcel Energy Inc., desires to apply a lesser power supply cost recovery factor than that approved by this order, it shall notify the Commission at least 10 days prior to the use of the lesser factor and shall file during that billing month a tariff sheet showing the lesser factor applied.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at [mpscedockets@michigan.gov](mailto:mpscedockets@michigan.gov) and to the Michigan Department of the Attorney General – Public Service Division at [pungpl@michigan.gov](mailto:pungpl@michigan.gov). In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General – Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

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Sally A. Talberg, Chairman

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Norman J. Saari, Commissioner

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Rachael A. Eubanks, Commissioner

By its action of February 5, 2018.

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Kavita Kale, Executive Secretary

**STATE OF MICHIGAN**  
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In the matter of the application of	)	
<b>NORTHERN STATES POWER COMPANY,</b>	)	
a Wisconsin corporation and wholly owned subsidiary of	)	Case No. U-18405
Xcel Energy Inc., for authority to implement a power supply	)	
cost recovery plan and establish power supply cost recovery	)	
factors for the 12-month period ending December 31, 2018.	)	
<hr/>	)	

**SETTLEMENT AGREEMENT**

As provided in Section 78 of the Administrative Procedures Act of 1969 (“APA”), as amended, MCL 24.278, and Rule 431 of the Michigan Administrative Hearing System’s Administrative Hearing Rules, R 792.10431, Northern States Power Company, a Wisconsin corporation and wholly owned subsidiary of Xcel Energy Inc. (hereafter “NSP-W”) and the Michigan Public Service Commission Staff (“Staff”) agree as follows:

1. On September 19, 2017, NSP-W filed with the Michigan Public Service Commission ("Commission") its Application, along with the testimony and exhibit of its witness Tyrel J. Zich, to implement a Power Supply Cost Recovery (“PSCR”) plan and factors for the 2018 calendar year.

2. On October 19, 2017, the Commission’s Executive Secretary issued a Notice of Hearing directing NSP-W to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships, and counties in its Michigan electric service area, as well as to all intervenors in Case Nos. U-18145 and U-17710. The Commission further directed NSP-W to publish the Notice of Hearing in daily newspapers of general circulation throughout its Michigan

electric service area. Complying with the directives, NSP-W filed the requisite Affidavit of Mailing and Proof of Publication with the Commission on October 30, 2017.

3. On November 16, 2017, Administrative Law Judge (“ALJ”) Lauren G. Van Steel presided over a prehearing conference in this matter, and Staff entered its appearance. There were no intervenors.

4. The parties have engaged in settlement discussions, and as a result, have successfully reached a compromise on all of the contested issues in this case.

5. The parties agree that NSP-W's 2018 PSCR plan is reasonable and should be approved by the Commission. The Staff conducted an analysis of the PSCR Plan and the decisions underlying that Plan. NSP-W plans to obtain its power supply through an integrated system agreement involving NSP-W and its affiliate, Northern States Power Company, a Minnesota corporation. This agreement is approved by the Federal Energy Regulatory Commission and has been approved in prior PSCR proceedings. NSP-W forecasts that 2018 power supply costs under this agreement will decrease by 4.9% from the 2017 level. Based on its analysis, Staff concludes that continuing to obtain power under this agreement is reasonable.

6. The parties agree that NSP-W should be authorized to implement a uniform PSCR factor of a negative \$0.00655 per kilowatt hour (kWh) in its Michigan retail electric customers' monthly bills, effective with the first billing month immediately following a Commission order approving this Settlement Agreement through the December 2018 billing month. NSP-W is authorized to roll-in prior year underrecoveries or overrecoveries into current year PSCR factors. The parties agree that NSP-W should be authorized to roll a non-reconciled 2017 year end overrecovery of \$645,584 into the 2018 PSCR plan factor. The combination of (i) NSP-W's 2018 plan year factor of (\$0.00197) per kWh, and (ii) a factor of (\$0.00458) per kWh to reflect

the non-reconciled PSCR overrecovery for 2017, results in a 2018 PSCR factor of (\$0.00655) per kWh (or negative PSCR factor of \$0.00655 per kWh).

7. The parties agree that NSP-W's non-reconciled 2017 PSCR overrecovery as identified in this Settlement Agreement shall be subject to final review and Commission approval in the 2017 PSCR reconciliation proceeding in Case No. U-18145-R<sup>1</sup>.

8. NSP-W's tariff sheet reflecting the agreed-upon factor is attached hereto as Attachment 1 and is acceptable to the parties hereto.

9. Further, the parties agree that NSP-W's 2-year forecast of power supply requirements meets the statutory mandates of 1982 PA 304 and should be accepted for filing.

10. All of the signatories are of the opinion that this Settlement Agreement is reasonable, will promote the public interest, and will aid in the expeditious conclusion of this case.

11. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the positions of the parties. This Settlement Agreement is intended for a final disposition of this proceeding, and the parties join in respectfully requesting that the Commission grant prompt approval. The parties agree not to appeal, challenge, or contest the Commission's order accepting and approving this Settlement Agreement without modification. If the Commission does not accept the Settlement Agreement without modification, the Agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

12. All offers of settlement and discussions relating to this Settlement Agreement are, and shall be considered, privileged under MRE 408 and shall not be used in any manner, or be

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<sup>1</sup> The parties also acknowledge that NSP-W's pending electric base rate case in U-18462 may result in a change in 2018 PSCR factor.

admissible for any other purpose in connection with this proceeding or any other proceeding or matter, except to carry out its terms.

13. All signatories waive Section 81 of the Administrative Procedures Act of 1969, as amended, MCL 24.281 as it applies to this proceeding, if the Commission approves this Settlement Agreement without modification.

Respectfully submitted,

NORTHERN STATES POWER COMPANY,  
a Wisconsin corporation


Dated: January 12, 2018

By: **Sherri A. Wellman**  
Its Attorney  
Sherri A. Wellman (P38989)  
MILLER, CANFIELD, PADDOCK and STONE, P.L.C.  
One Michigan Avenue, Suite 900  
Lansing, Michigan 48933  
(517) 487-2070

Digitally signed by: Sherri A. Wellman  
DN: CN = Sherri A. Wellman C = AD O =  
MillerCanfield  
Date: 2018.01.12 08:32:40 -05'00'

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Dated: January 12, 2018

By:   
Its Attorney  
Michael J. Orris (P51232)  
Assistant Attorney General  
Michigan Public Service Commission  
7109 W. Saginaw Hwy.  
3<sup>rd</sup> Floor  
Lansing, MI 48917  
(517) 284-8140

M. P. S. C. NO. 1 – Electric  
**NORTHERN STATES POWER COMPANY**  
 (To implement PSCR factors for 2018)

XXth Revised Sheet No. 183  
 XXth Revised Sheet No. 183

### POWER SUPPLY COST RECOVERY FACTORS

Northern States Power Company - Wisconsin's Power Supply Cost Recovery (PSCR) Monthly Factor for the 2018 Plan Year is as follows:

<u>Year</u>	<u>Month</u>	<u>2018 Plan</u> <u>Year</u> <u>(per kWh)</u>	<u>2017</u> <u>Over-recovery</u> <u>(per kWh)</u>	<u>Maximum</u> <u>Authorized</u> <u>2018 PSCR</u> <u>Factor</u> <u>(per kWh)</u>
2018	January	(\$0.00197)	(\$0.00458)	(\$0.00655)
2018	February	(\$0.00197)	(\$0.00458)	(\$0.00655)
2018	March	(\$0.00197)	(\$0.00458)	(\$0.00655)
2018	April	(\$0.00197)	(\$0.00458)	(\$0.00655)
2018	May	(\$0.00197)	(\$0.00458)	(\$0.00655)
2018	June	(\$0.00197)	(\$0.00458)	(\$0.00655)
2018	July	(\$0.00197)	(\$0.00458)	(\$0.00655)
2018	August	(\$0.00197)	(\$0.00458)	(\$0.00655)
2018	September	(\$0.00197)	(\$0.00458)	(\$0.00655)
2018	October	(\$0.00197)	(\$0.00458)	(\$0.00655)
2018	November	(\$0.00197)	(\$0.00458)	(\$0.00655)
2018	December	(\$0.00197)	(\$0.00458)	(\$0.00655)

Issued \_\_\_\_\_

M.E. Stoering  
 President  
 Eau Claire, Wisconsin

Effective: for bills rendered  
 for the 2018 plan year.

Issued Under Authority of  
 1982 PA 304, Section 6j (9) and the  
 Michigan Public Service Commission  
 Dated \_\_\_\_\_  
 Case No. U-18405